
The Reanalysis Of Reanalysis Of Sweatshops

The Cycle of Industry

Let us consider Hong Kong as an example. As Hong Kong Gross Domestic Product grew more technology was created, as more technology was created more capital flooded in. The workers started increasing their productivity. As the workers became more and more productive the value of labor became more valuable in higher productivity industries. For example, instead of sweatshops to make garments or toys, the existing labor force is now utilized on higher order products like automobiles and computer technology. As a result of this, sweatshops had to pay wages higher and higher bid up by market forces until it was more beneficial to move to a country with a cheaper value of labor.

The culture surrounding these sweatshops has been focused on how the workers are treated compared to western standards, instead we need to view sweatshops for what they are doing. They are at the most basic level providing an alternative to subsistence agriculture. They are not doing this by exploitation or by forcing the employees to work, they are providing unemployed, unskilled workers employment who are free to go to any other alternative they see as being better. Sweat shops are not a deplorable aspect of capitalism, they are the lowest rung on the industrial ladder towards a modern civilization. They improve not only the life of the individual but the country as well.

Sweatshop Wages and Third World Growth

Instead of an anti-sweatshop policy a buy (or pro) sweatshop policy is shown to be far more beneficial to these countries than foreign aid or labor unions talking these jobs away from these poor workers. More direct foreign investment is what helps these workers wages come up the most with the influx of capital and technology comes an increase in the cost of labor. It is never the workers of the third world countries who insist westerners should boycott their livelihoods.

Over time any booming sector of the economy improves labor conditions and increases workers wages as the value and productivity of the worker increases. This is the natural order of economic growth as all industrialized countries experienced it. More manufacturing is a good thing for all involved, the consumers, the businessmen, and yes, even the employees. 'Factories act as a kind of safety net for workers who need a steady source of temporary income, and for those who have few options in the informal sector. Most workers tended to flee factories as soon as better opportunities arose: 77% of people in the study left factory jobs within a year' (Coren 2016).

As shown in the Journal of Labor Research, Ben Powell and David Skarbek found that 'in nine of the eleven countries, 'sweatshop' wages in foreign factories were higher than the average in that country. In Honduras, where almost half the working population lives on \$2/day, 'sweatshops' pay \$13.10/day (Powell 2008). Some sweatshop 'wages are more than double the national average in Cambodia, Haiti, Nicaragua, and Honduras' (Powell 2008). This is in stark contrast to what normal sentiment is to the average citizen. Economists, however, while not all agree the vast majority understand the underlying issues and price theory behind wages, and

capital investment and understand how beneficial sweatshops are, especially when compared to the informal economy. Tracinski (2000), Washington Post (2002), Wells (2004), Williams (2004).

This action of wage growth can be explained by Sir Arthur Lewis, a Nobel Prize-winning economist that developed a theory known as the “Dual Sector Model”. This Model explains the process of growth and development developing nations face. The main aspect of this is capital reinvestment and a surplus of labor. 'Lewis stated that because workers in the agricultural sector are so economically unproductive, labor could move to the modern economy, where it could play a much more productive role and agricultural production would be left unaffected'(Canepa 2016). This increase in worker productivity increases wages and decreases levels of poverty as laborers move from agriculture to manufacturing such that productivity is maximized. This is what economists usually agree is the main driving force behind the rapid growth of wages the Asian Tiger Countries experienced and other third world countries need to experience.

Besides wages another issue commonly confused is how compensation can be paid in wages and/or in benefits, which may include health, safety, comfort, longer breaks, and fewer working hours. In most cases, the primary needs of these third world workers is pay instead of workplace amenities. This is the paradigm of pre-industrialized countries. Industrialized nations have workers who are productive enough to earn a high enough wage to support physiological needs. These workers often fight for better workplace conditions instead of more pay, at least relatively when compared to their third world counter parts. Third world workers value physiological needs such as basic food and clothing and housing. These primary needs are shown in sweatshops. Most workers would prefer higher wages relative to their nation and productivity more than compensation in wages and little in health or safety improvements. Sir Arthur Lewis, a Nobel Prize winning economist known for his contributions in economic development agrees. He wrote, “Workplace conditions improve the same way wage growth occurs, in the process of capital reinvestment.”

Summary

In summary, given a reanalysis of sweatshops, it appears that they do in fact serve a purpose, and are not something of a capitalistic system failing. Sweatshops do not exploit; they instead give the very poorest of the poor an opportunity to get off the streets and out of farming. Sweatshops take third world workers from begging, prostitution and back breaking subsistence agriculture to a better existence with a higher standard of living. As shown in the Journal of Labor Research